

**10 HOTTEST CITIES
FOR BUSINESS**

SEX AND CAPITALISM
▶ MONEY LAUNDERING AFTER SPITZER
▶ A COMEBACK FOR PENTHOUSE

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**HOW IS
MERRILL
LYNCH
DOING AFTER THAT
\$22 BILLION
WRITEDOWN?
(GREAT.)**

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Hot Spots

By Kurt Badenhausen



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OMPANIES IN THE U.S. ARE FACING MYRIAD challenges, from the credit crunch to soaring commodity prices to corporate tax rates that are behind only Japan's among developed countries. What is a chief executive to do? Head south.

In our tenth ranking of the Best Places for Business and Careers, the Southeast is home to half of the top ten for a third straight year. But there is new blood near the top, including Lexington, Atlanta and Richmond (Spokane and Fort Collins also made big jumps). Common themes for the business-welcoming metros include solid job growth, an educated labor supply and low business costs. Interestingly, six of the ten metro areas are anchored by capital cities; maybe lobbyist spending boosts an economy.

Our rankings cover the 200 largest metro areas (populations over 240,000). For the complete rankings, go to www.forbes.com/bestplaces, where you will find how these cities compare with one another in costs (business and living), crime, job growth and other categories. Most of our data came from Economy.com, Moody's economic research firm, and Bertrand Sperling, a demographer in Portland, Ore. Other goodies online include the best markets in which to buy foreclosed homes, sortable lists, slide shows of the best and worst places and a ranking of 179 smaller metro areas.



1 Raleigh, N.C.

Low business costs, strong job growth and a very educated labor supply put Raleigh at the top spot for the second straight year.



2 Boise, Idaho

Employees are fleeing pricey California for Boise's below-average living costs. They find a tight labor market where unemployment is only 2.3%.



3 Fort Collins, Colo.

The area boasts a highly educated work force with 40% having a college degree, sixth highest nationally. Credit goes to Colorado State U.



4 Des Moines, Iowa

The median household income in Iowa's capital city is \$57,000, one of the highest in the Midwest. Yet living costs are 12% below the U.S. average.



5 Lexington, Ky.

Toyota Motor has invested \$5.5 billion in its Kentucky operations and is the largest private-sector employer in the Lexington area, with 7,000 employees.



6 Atlanta, Ga.

The Atlanta area's 5.3 million residents have 32 four-year colleges nearby. Another attraction: Hartsfield-Jackson, the world's busiest passenger airport.



7 Richmond, Va.

Rolls-Royce recently announced plans to build a jet engine factory in the area, whose business costs are 10% below the national average.



8 Olympia, Wash.

The smallest (pop. 241,000) of the 200 biggest metros ranked in the top 25 in job growth, income growth and net migration.



9 Spokane, Wash.

The area's diverse economy provides a stable employment setting. Big employers include Fairchild Air Force Base and Gonzaga University.



10 Knoxville, Tenn.

Business costs are 14% below the national average; Alcoa, Clayton Homes (part of Berkshire Hathaway) and Covenant Health are all taking advantage.